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**Finance Committee Hearing Statement of U.S. Senator Max Baucus (D-Mont.)
“Opportunities and Challenges in the U.S.-China Economic Relationship”**

George Bernard Shaw wrote that “the unexpected always happens.”

That is certainly true in the relationship between America and China.

Before the 1970s, no one expected Nixon to go to Maoist China.

Before the 1970s, no one expected that ping pong could serve as a tool of diplomacy.

And before the late 1980s, no one expected that communist China would embrace market economics.

But the unexpected happened. And we are better for it.

Many continue to tell us what we cannot expect. Today, some say that we cannot expect China to stop counterfeiting and piracy. Some say that we cannot expect the administration to cite China as a currency manipulator. And some say that we cannot expect American companies to compete with China.

But today, we imagine what can happen. We imagine what America and China can do individually, together, and as part a community of nations. Today, we imagine the unexpected that can happen.

Today’s is the Committee’s third hearing on international trade this year. Today we hear from the first of two panels on the U.S.-China economic relationship. Today, we focus on trade, economics, and energy. Tomorrow, we will focus on currency.

Today we focus on what we can do. What can we do to make China’s growing economy a greater opportunity for America’s workers, farmers, and ranchers? What can we do to ensure that China fulfills its WTO obligations, in letter and in spirit? And what can we do to help American companies and workers become more competitive?

We must also focus on what China can do. What can China do to accelerate mutually beneficial reforms? What can China do to move beyond its 2001 WTO commitments? What can China do to move its economy toward sustainable and balanced growth?

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And we must focus on what China and America can do together. What can we do together in the international trade community to foster regional cooperation? What can we do together to advance the WTO negotiations? And what can we do together to address global challenges, like energy and the environment?

Imagining the possible and crafting solutions is never simple. Julius Caesar wrote that “No one is so brave that he is not disturbed by something unexpected.” Many continue to be disturbed by China’s unexpected transformations.

But we need to imagine solutions to keeping the U.S.-China economic relationship on track, creating jobs, and growing our exports. By focusing on what we can do, we can help Americans understand how our trading relationships are beneficial. When those relationships are not beneficial, Americans must understand what we are doing about it.

What we discuss today is bigger than China and America. Our economic relationship with China is a microcosm of America’s greater, global challenges.

Piracy and counterfeiting are not uniquely Chinese phenomena. Neither is currency manipulation. We face the same tariff and non-tariff barriers in many other economies, too. Rising energy and commodity prices also affect all markets.

Our discussion has broader implications. And if we can solve our problems with China, we can solve them elsewhere. If we can unlock the potential of the Chinese market, we can unlock other markets’ potential. If we can learn to cooperate with China, without illusions, we can build stronger partnerships around the world.

George Bernard Shaw wrote: “If . . . the unexpected always happens, how incapable must Man be of learning from experience!” The solution to Shaw’s paradox must be an act of bold imagination. To learn from America’s experience with China, we must imagine anew. Let us begin that act of imagination today.

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